

Customer Service Practices, Firm Commitment and Retention

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Abstract

The study is aimed at customer service practices, firms' commitment and retention in the greater Accra Region using Mobile Telecommunication Network (MTN) as a case study. The paper went further to examine the relationship between the three variables customer service practices, firms' commitment and retention. The study adopted both qualitative (case study) and quantitative methods respectively. MTN was selected to gather data, which was acquired from answers obtained from our administered questionnaire. The population of the survey constituted the management and non-management staff and customers of MTN in Ghana. Hypotheses of the study will be analyzed using correlation and regression. Results of the study show that there are high positive correlation between the constructs of customer service practices, firm commitment and retention.

Key words: Customer service practices, firms' commitment, retention, telecommunication institution.

1. Introduction

The rapid growth of service sectors all over the world and the deregulation of many services industries have lead researchers with an interest in quality issues to the importance of acquiring more understanding about service quality. It is recognized that high quality service is essential for firms that want to be successful in their business (Parasuraman et al., 1985; Rust & Oliver, 1993). It leads to customer retention (Lewis 1994), higher profitability (Gundersen, Heide & Olsson, 1996) and lower cost (Grant 1998). Most would agree without any prompting on the importance of offering their customers with service quality.

Customer service, firms' commitment and customer retention are three elements that many services firms would gladly profess to be striving to provide to their customers. Recent research indicates that these three concepts are quite distinct.

2. Literature Review

2.1 Customer Service, Firms' Commitment and Retention.

2.1.1 Customer Service

According to Jamier (2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation. Customer service can be expressed in personal and interpersonal skills such as communication skills, listening skills, language, gestures and posture and telephone techniques. Customer service practice is defined as the unique and outstanding policies outlined by the service industry. These customer service practices includes cost leadership, innovativeness, differentiation in product and service, handling of customer complaints on first contact, soliciting of customer feedback on product sold and also tracking, trend and proactively eliminating customer complaint using the problem management system. Also the medical stores survey customers on regular basis as its differentiated practices over its competitors in the market.

Lucas (2005) defines customer service as 'the ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies customer demand. Customer service is one of the organizational processes which companies perform considering the growing competition and for attracting entrepreneurial opportunities for increasing profitability and better access to the market and increasing the customer satisfaction and loyalty level (Calif, 1987). Customer service is the provision of service to customers before, during and after a purchase and also it is a series of activities designed to enhance the level of customer satisfaction (Turban et al, 2002). The primary objective of customer service strategy can be expressed very simply to reduce the customers the customer's cost of ownership. In other words for service to provide real value to the customer it must in some way make the transaction more profitable (Owusu, 2012). The customer service objective talks about all the various strategies and tactics that must be taken to ensure that customer cost ownership in terms of goods, does not cost so much.

Customer service is any form of communication or interaction between a company representative or an employee and an individual(s) doing business with that company (Kotler, 2009). Chambers (2008) also indicated

that, Customer Service is ensuring that we give our customers the sort of personal service and response that we ourselves would want, if we were in their place. Our customers have a right to expect from us the best possible standards of personal service. They should be treated with equal respect, listened to and responded to in a manner which is polite, helpful and timely. A customer is the most important visitor on our premises; he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so". (Mahatma Gandhi, 1941)

Customer service starts with recognizing that we are all customers. These types of memorable experiences should be the goals that customer service is focused. These are the experiences that the customer will share with others and will build the reputation of the organization. It is really pretty simple, treat everyone in a timely, courteous and competent manner and you will gain a customer who will spread the word. There is no better advertising for any kind of organization than the words of a satisfied customer (Kotler, 2003). Kotler (2003) further indicated that, there is no perfect world where everyone is happy and satisfied all of the time. The most important thing for any organization to do when something has gone unpleasant is service recovery. Do something to make the customer feel right again and admit mistake made. Honesty goes a long way to providing good customer service.

There are behaviors that can kill customer service in an instant. If you appear cold, never smile, have no warmth or care, you have just eliminated good customer service from happening. If an organization is unfriendly, pushy, discourteous or insensitive, the organization will create a bad impression and a good customer service experience will not occur. Customer service and satisfaction is everyone's responsibility in any organization and these negative behaviors should never be tolerated and need to be addressing (Chambers, 2008).

Dave (2002) argues that, having committed customers should be the goal of every organization. They are the fuel for success and the future of the organization. Customer service is the measure of the organization performance, if you have built loyalty and commitment with your customers; this is what customer service is all about. If you know what your committed customers value and will continue to expect, you have built an organization that is model for customer service and what many organizations will never be able to achieve. Customer service is achievable with the right focus and commitment from the employees. These employees want to be recognized and appreciated, without them there would be no success. Employees need to be aware of what is negotiable and what is not negotiable when trying to keep customer satisfied. There should never be castigatory measures taken if an employee has made an honest mistake trying to meet the needs of a customer. Instead there should be recognition for taking the effort to try to meet their expectations and help them to find a more effective way to deal with the customer.

It is difficult to define what is meant by service because most products we buy contain mixture of goods element and service element. One of the main points of the marketing concept is that a firm's offering goes far beyond the physical product offering into an array of need satisfaction. This means that firms must recognize that everyone in business sell some element of goods and services. Some of the standard definitions to support this explanation are the following:

Kotler et al. (2002) considered service to be "any activity of benefit that one party offer to another that is essentially intangible and does not result in the ownership of anything" and Armstrong by considering service as "those separately identifiable, essentially intangible activities which provide want needed satisfaction and which are not necessarily tied to sale of a product or service. Gronroos (1990) supported these ideologies by defining service as an activity or service of activities of more or less intangible nature normally, but not necessarily take place in interaction between the customer and the service employee or physical resources or goods and systems of service providers which are provided as solution to customer problem.

Gronroos (2000) defined service as, "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems". Fogli (2006) define service quality as "a global judgment or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement".

2.1.2 Firms' Commitment

The concept of firm commitment has been treated as a variable of interest in its own right and a variety of definitions and measures have been proposed (Meyer, 2004). The concept has attracted more attention in recent

times, particularly, from organizational scientists, perhaps due to the constant changes taking place in employment practices that have arisen from the international employment marketplace and increased alternatives for skilled employees in a global economy (Sullivan and Arthur, 2006). Herscovitch and Meyer (2002) defined firms' commitment as the degree to which an employee identifies with the goals and values of the organization and is willing to exert effort to help it succeed.

Firms' commitment has also been conceptualized as a psychological state or mindset that binds employees to a course of action relevant to one or more targets, and a willingness to persist in a course of action. It portrays the idea of a strong belief in and acceptance of the organizational goals, willingness to exert considerable effort on behalf of the organization and a desire to maintain organizational membership. It is also described as a subjective measure that captures employees' perceptions of their identification with their organizations' core values, their intent to stay with their organization, and their willingness to exert more effort than expected by their organization (Cooper-Hakim and Viswesvaran, 2005). Commitment may appear as synonymous to motivation, however, there is a difference between commitment and motivation in that commitment influences behavior independently of other motives and attitudes, and may lead to persistence to a course of action even if this conflicts with motives (Meyer 2004; Meyer and Herscovitch, 2001).

Firms' commitment is an essential requisition in an employee for reaching challenging goals because, as opposed to easy goals, they require more effort and typically have lower chances of success than easy goals do (Latham, 2007). It is therefore not surprising that over a period of 30 years, several private and public sector organizations have generally focused significantly on researching into the issue of firms' commitment.

2.1.3 Retention

Retention can be defined as "a commitment to continue to do business or exchange with a particular company on an ongoing basis" (Zineldin, 2000). A more elaborated definition is to define retention as the customers' liking, identification, commitment, trust, willingness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions (Strauss *et al.*, 1999). Retaining old customers also costs less than acquiring new ones. The company knows the customers and what they want, and the initial costs of attracting the customers have already been expended (Davidow and Uttal, 1989). Old customers also pay less attention to competing brands and advertising, are less price sensitive and create favorable word-of-mouth (Desai and Mahajan, 1998). Customer retention also brings benefits such as employee retention and satisfaction, better service, lower costs (Reichheld, 1990), lower price sensitivity, positive word-of-mouth, higher market share, higher efficiency and higher productivity (Zineldin, 2000).

Potter-Brotman (1994) describes how service affects retention, and brings up the value of teaching all employees to be service providers, with the ability to enhance relationships with customers rather than endanger them. The author suggests that companies must concentrate on hearing customers' unique voices in order to find out what kind of service they consider to be exceptional. Appiah-Adu (1999) also indicates that the most critical element in retaining customers is the company's customer philosophy, implying that companies ought to strive for complete satisfaction rather than just satisfaction among its customers. Desai and Mahajan (1998) also emphasize on the concepts of acquiring, developing and retaining customers from a cognitive and affective perspective. They provided a way on how cognition and affects are used to increase retention, and use frequent-flyer programs as a way of building loyalty. The authors suggest that in order to retain customers, companies must continually develop their products and services so as to meet the evolving needs of customers. Their research also suggests that retained customers are in fact satisfied, and not retained simply because of habit, indifference or inertia. Included in retention strategies are the development of new products and services to meet and satisfy the evolving needs of the customers; thus satisfaction is a component of retention.

3. Research Methodology

3.1. Research Design

Research is a process of steps used to gather and evaluate information in order to increase understanding on an essential topic. It consists of three steps, namely posing a question, collecting data to answer the question, and presenting an answer to the question (Creswell, 2009). The research design for the current study refers to a quantitative form. This research concentrates on the relationship among variables more than on testing activity impact, and uses correlation design. Based on the described research objective, this study will adopt a correlation design. Correlation design allows us to predict an outcome and know the relation between variables.

3.2 Study Area

The study was conducted in Accra the capital city of Ghana. The location of the city makes it the commercial center and a nodal point from which roads radiate to the central business areas of the region. The Mobile Telecommunication Network (MTN) was chosen because it has greatest market share in the industry.

3.3 Population and Sampling

The population of the survey constituted the management and non-management staff and customers of the mobile telecommunication network (MTN) in Ghana. The researchers used the simple random sampling. The study used a sample size of six hundred (600) and due to adequate time the researchers devoted for the data collection, the researchers were able to get five hundred and forty-five (545) questionnaires that were administer.

4. Data Analysis

After collecting data, we should evaluate the relationship between customer service, firms' commitment and retention in Ghanaian telecommunication industry. Customer service contains of five dimensions, namely tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman, et al., 1988). Also, customer service and firms' commitment are predictors and retention is a criterion variable. Based on analysis of the collected data and using description statistics for demography, it was found that most respondents were male at 60.4% and the most of the research participants (49.7%) are aged between 25 and 40. Additionally, most people (48.2%) have some undergraduate education level and most respondents are married (58.9%).

Table 1. Correlations between customer service practices, firms' commitment and retention

		Retention	Customer Services Practices	Firms' Commitment
Retention	Pearson Correlation	1	0.744**	0.691**
	Sig. (2-tailed)		0.000	0.000
	N	545	545	545
Customer Services Practices	Pearson Correlation	0.744**	1	0.573**
	Sig. (2-tailed)	0.000		0.001
	N	545	545	545
Firms' Commitment	Pearson Correlation	0.691**	0.573**	1
	Sig. (2-tailed)	0.000	0.001	
	N	545	545	545

Moreover, to achieve the research objective the relationship between customer service practices, firms' commitment and retention should be assessed, and from table 1, the Pearson correlation was utilized. There is a strong relationship between customer service practices and retention with a correlation coefficient of 0.744 at the 0.01 level (2-tailed), customer service practices and firms' commitment with a correlation of 0.573 at the 0.01 level (2-tailed), firms' commitment and retention with a correlation coefficient of 0.691 at the 0.01 level (2tailed). These relations are positive, meaning an increase in customer service practices with firms' being more committed results in higher customer retention.

5. Conclusion

The telecommunication industry is one of the fastest growing kinds of industry and it products and services are in high demand since customers uses it daily. Moreover, customer service practices, firms' commitment and retention guarantee profitability, and they play pivotal roles for companies within this industry, consequently.

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